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Monday, August 11, 1986

Advertising Age

Crain's International Newspaper of Marketing. In Two Sections, Section 1.

Jerry for sale?

'Just talk,' he insists

Della Femina, Travisano & Partners boss Jerry Della Femina admits to talking with other agencies, but denies persistent reports that a deal is close.

By STEWART ALTER

NEW YORK—Is Della Femina, Travisano & Partners close to a sale?

Agency chairman Jerry Della Femina denied several reports that a sale is imminent, but acknowledged the agency has been involved in such conversations.

"I've spoken to five separate agencies in the last two and a half to three months," he said, but denied he was any more interested in making a deal now than before.

Mr. Della Femina maintained there was "more interest in us than ever before" in the aftermath of the megamerger activity this past spring. But he added that it was "all talk. What will come of this in my opinion is that I will get the gout because I've never had so many rich dinners in my life."

But sources maintain the conversations have been more serious than Mr. Della Femina has indicated and that he has not just been responding to overtures, but also actively seeking out buyers.

If so, that would be further confirmation of the growing interest in mid-size agency

(Continued on Page 62)

CBS romance with Tisches is turning sour

Could trigger exec bailouts

By CRAIG REISS

NEW YORK—If Loews Corp.'s Laurence Tisch wins the unfolding boardroom battle for control of CBS Inc., CBS chairman Thomas Wyman and possibly Gene Jankowski, CBS/Broadcast Group president, are likely to bail out under the protection of their multi-million-dollar golden parachutes.

As Mr. Tisch inches closer to a possible takeover, the CBS board reportedly is casting about for a new "white knight" to prevent its former "white knight" from gaining control of the communications giant.

"The battle lines have been drawn," said a knowledgeable source after Mr. Tisch last week boosted stock holdings in CBS to 22.5%. "He has a moral commitment" to owning CBS as "a legacy for the [Tisch] children."

Mr. Tisch has four sons, including Andrew, president of Bulova Watch Co.; James, Loews vp-financial analysis; Daniel, managing director of Salomon Bros. risk arbitrage department, and Thomas, who manages the four sons' investment portfolio under the name F.I.F. (Four Lucky Fellows).

Mr. Tisch's brother, Preston Robert, who last week left Loews to become U.S. postmaster general *(see accompanying story)*, has three children, including Jonathan, vp at Loews Hotels; Steve, a movie producer who

(Continued on Page 62)

GM shop list growing

Importer would create new slot

By JESSE SNYDER

General Motors Corp., for the first time in its history, is ready to search for a minority agency to handle black and Hispanic advertising for each car division and corporate. GM also may create a separate division, with its own ad agency, to market vehicles imported from its Adam Opel West Germany subsidiary.

Robert O'Connell, vp-marketing and product planning staffs, in confirming these reports, told ADVERTISING AGE the efforts will be coordinated through Philip Guarascio, GM exec director for advertising services.

If GM does set up a separate Euro-import brand unit, these moves—plus its new Saturn Corp.—would add three additional ad agencies by 1987 to the GM stable. Each of the newcomers would be getting mostly new billings. Other than naming Vic Olesen & Partners to handle special western region advertising for Chevrolet, these new appointments would mark the first new major agency assignments from GM in about 35 years.

GM has been considering Opel-built, domestic-badged vehicles for both Oldsmobile and Buick for several years. Last fall, GM tried but failed to acquire a European auto maker to set up as another GM domestic division (AA, Nov. 4). But with the sales nosedive Buick has taken trying to stretch its marketing image to attract young, performance-oriented buyers, GM insiders are favoring a separate Opel-supplied division.

Undecided is whether such an operation would have a separate dealership network within a full-fledged division like Saturn will be or be a brand sold through many Buick and perhaps Oldsmobile dealers, much like the Merkur imports sold through Lincoln-Mercury.

An Opel option would fill in a growing gap in the upscale, sporty segment of GM's marketing lineup. Buick is already planning to return to courting its tradi-

(Continued on Page 8)

Last Minute News

Guinness reviews $165M in Distillers billings

LONDON—Guinness Beverage Group is conducting an international review of all advertising and marketing of spirits done by the recently acquired Distillers Group, which spends $165 million a year through 30 agencies. Major Distillers agencies include Foote, Cone & Belding (Gordon's); SSC&B:Lintas Worldwide (White Horse), and Young & Rubicam (Johnnie Walker Red Label and Black Label). Also, Lowe Howard-Spink Marschalk last week won the Guinness-owned Bell's whisky business, worth an estimated $7.5 million, from Wight Collins Rutherford Scott.

American Stores move opens $28M in billings

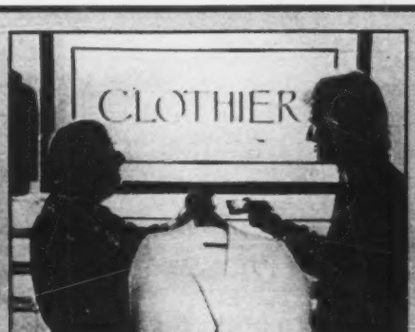
SALT LAKE CITY—American Stores Co. has decentralized its advertising division, sources say, permitting its operating units to put a total of $28 million in broadcast ad accounts up for review. Bozell, Jacobs, Kenyon & Eckhardt currently handles the majority of American Stores' broadcast business from offices here and in Chicago, Los Angeles and Union, N.J.

Campbell imports Saatchi talent for V-8

CAMDEN, N.J.—Campbell Soup, unhappy with the creative ad work for V-8 vegetable juice, has turned to Saatchi & Saatchi, London, for a campaign that will break later this month. Saatchi handles Campbell soups in the U.K. Backer & Spielvogel, New York, a unit of Saatchi, remains V-8 agency of record. "Some of the best creative in the world" is coming from London, said Campbell USA president Herb Baum. The humorous Saatchi

(Continued on Page 8)

New Sears spots for Discover Card breaking tonight show the many ways it can be used. *(See story, Page 59.)*



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HIGHLIGHTS

CBS execs reaching for parachutes? 1

The unfolding boardroom battle for control of CBS Inc. is likely to lead CBS chairman Thomas Wyman and possibly Gene Jankowski, CBS/Broadcast Group president, to bail out under the protection of their multi-million-dollar golden parachutes.

Della Femina sale rumors fly 1

Jerry Della Femina has denied reports that a sale of Della Femina, Travisano & Partners is imminent, but acknowledged the agency has had conversations. Mr. Della Femina said there is "more interest in us than ever before."

Warfare hazard to tobacco industry health 3

Cigaret price warfare, which began in 1981, appears here to stay, and some tobacco-industry executives are concerned that the battle for dominance in the low-end cigaret market could permanently erode profit margins.

Hill & Knowlton in line for No. 1 4

Foote, Cone & Belding Communications' inability to integrate its two public relations operations led it to sell Carl Byoir & Associates to Hill & Knowlton last week, catapulting the JWT Group subsidiary into the industry's No. 1 spot.

Fashion a heavy subject 12

Fashion magazines' September issues, which kick off the fall retailing and advertising seasons, are traditionally hefty, and this year is no exception.

Wine coolers get tough 23

The cost of competing in the booming $1 billion-plus wine-cooler market is growing higher as marketers slash wholesale prices, drop more coupons and offer special merchandising deals.

Wineries blossom across U.S. 44

Once considered palatable *only* if they came from Europe or maybe California, an ever-increasing number of wines is carrying labels from out-of-the-way places. The number of domestic wineries outside California has increased 150% since 1976, for a total of 1,289 wineries in 42 states.

Calcium keeps strong 49

The booming market in calcium supplements seems fit as a fiddle despite a new study suggesting that added calcium may not prevent osteoporosis, a debilitating bone disease afflicting women in middle age.

Phase two for Discover card 59

Sears, Roebuck & Co. today begins the second phase of its $40 million Discover Card advertising effort, concentrating on practical benefits of using the combination credit/financial services card.

FEATURES

Bernbach 24

Aug. 13 would have been William Bernbach's 75th birthday. Ad Age consultant Carl Hixon takes a look at the man and his ideas.

INTERNATIONAL

Mojo grows 37

Mojo MDA, the new agency created by the merger of Mojo Australia and Monahan Dayman Adams, plans to expand into the U.S. and Europe in a Saatchi & Saatchi-like, go-for-growth move.

OTHER NEWS

An "issue" ad from R.J. Reynolds Tobacco Co., questioning the link between smoking and disease, is outside Federal Trade Commission jurisdiction, an FTC administrative law judge ruled last week. Page 4.

W.R. Grace & Co. will spend more than $50,000 to promote the airing of its deficit-reduction commercial on independent tv stations Aug. 21. The Grace spot was rejected last January by all three networks. Page 6.

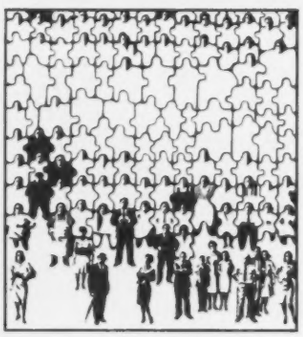
Quaker Oats Co.'s planned $8 million introduction next month of Fudge Dipps granola bars has come unglued because the fudge won't stick to the bars, according to retail grocery sources. Page 22.

Marketsource, a product marketing and promotion company, is planning to expand its product sampling program on college campuses to two programs a year. *In Promotional and Direct Marketing.* Page 47.

The National Dairy Promotion & Research Board will test nutritional messages for cheese as part of the $64 million it will spend on advertising during the year beginning Sept. 1. Page 56.

After airing a commercial nine times in one week, mostly late at night, Behavioral Systems Southwest received 187 phone calls and 15 new inmates for its private prisons. "I just got the bright idea one day," says BSS president Ted Nissen, explaining why he decided to advertise on local tv. Page 64.

SPECIAL REPORT



Inadequate research is hampering advertiser interest in the growing Hispanic market. Advertisers are concerned about how much of the market Hispanic tv, radio and print actually deliver. Some of these media and their efforts to attract advertisers are examined in Special Report.

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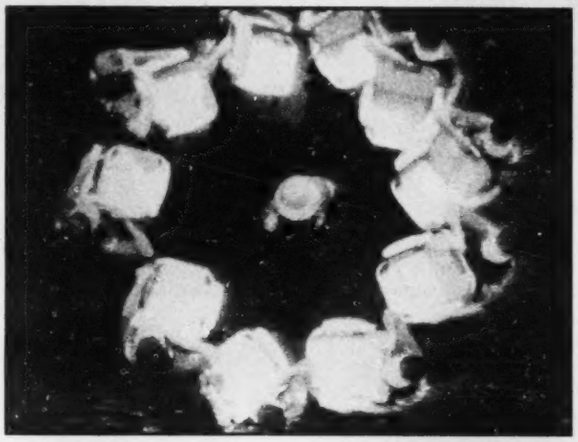


Serious about leisure

A lawnchair-wielding "drill team" exemplifies people who "take their leisure time seriously," the crowd that L.S. Heath & Sons, Robinson, Ill., is aiming to satisfy with Heath candy bars. A $4 million campaign, themed "Relax in style," breaks next month via Fallon McElligott, Minneapolis.

Stroh and Heinz boost media clout

By RAY SERAFIN and JUDANN DAGNOLI

Stroh Brewery Co. and H.J. Heinz Co. last week became the latest advertisers to take steps toward maximizing their media-buying clout.

Detroit-based Stroh named Grey Advertising, New York, its agency of record on all national broadcast media and spot tv, for two separate assignments billing a total of $80 million to $90 million.

Pittsburgh-based Heinz assigned its $50 million network tv budget to Leo Burnett USA, Chicago. Network buying had been split between Burnett, Doyle Dane Bernbach, Ketchum Advertising and Ally & Gargano/MCA on a brand-by-brand basis.

Stroh decided against taking the media buying in-house, officials said, in large part because its budget alone would not have provided nearly the leverage in price nego-

(Continued on Page 64)

West Coast news

FM is OK with ITT

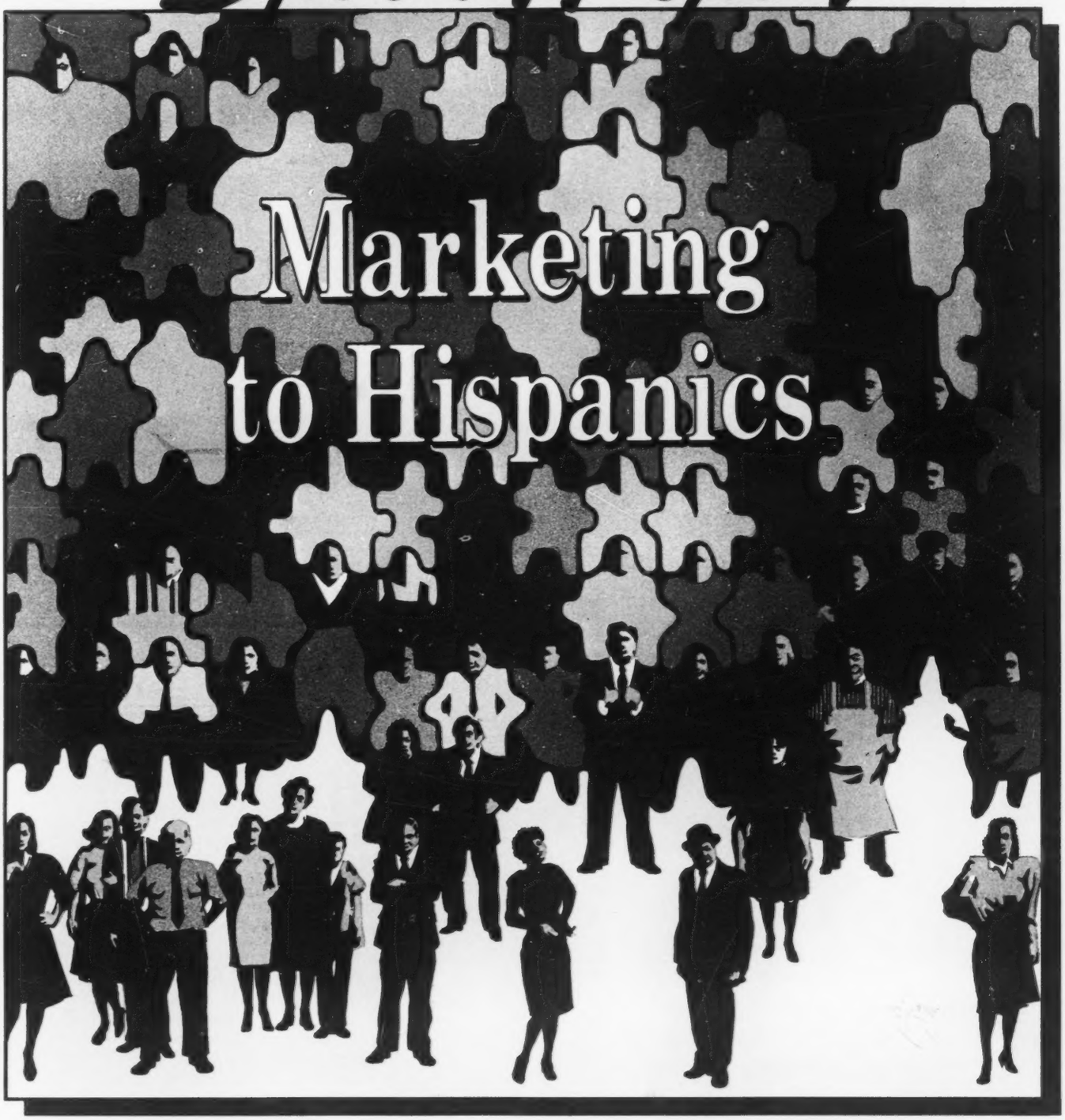
ITT Information Systems, San Jose, Cal., selected Fallon McElligott, Minneapolis, to handle its $5 million-plus account, previously at Ad Resources, Irvine. The marketer of the Xtra family of personal computers plans to start corporate image advertising for the first time by yearend. ITT entered the personal computer market in mid-1984, but has garnered only 1% share of the $14.5 billion U.S. pc market.

Alpine Electronics of America, Torrance, Cal., is reviewing agencies following a split with Kresser, Craig/D.I.K., Los Angeles. The marketer of car audio systems is talking to Hakuhodo Advertising, Los Angeles; Orenstein Savage, Sherman Oaks, and Specht Design and Production, Gardena.

Republic Savings & Loan senior vp-marketing Robert Ritchey has left the 13-branch Altadena, Cal.-based financial institution with unannounced future plans. There is no replacement yet. Exec

(Continued on Page 64)

Special Report



Marketing to Hispanics

Piecing together fragmented research

By Eileen Norris

Numbers are vital in advertising, and the Hispanic population in the U.S. has grown so rapidly and to such huge proportions that advertisers are understandably eager to climb aboard a lucrative marketing bandwagon.

Unfortunately, there is a hitch connected to this glowing tale of growth and prosperity. While the masses exist—many say the estimates of Hispanics in the U.S. are woefully low because they don't take into account undocumented immigrants—a concern persists over just how much of the market Hispanic tv, radio and print actually deliver.

Eileen Norris wrote about print media in the February Special Report on Hispanic Marketing.

Multiple reasons exist for these doubts. For one, the Hispanic market is relatively young, so research has not yet caught up with the horde of immigrants. What numbers have come forward can't be trusted entirely, advertisers complain.

Electronic media command the market

	1985 billings (000,000)
1. Local radio	$76.0
2. Local tv (SIN Television Network)	65.0
3. National tv (SIN)	55.0
4. National radio	42.0
5. Print	33.0
6. Promotion	30.0
7. Independent tv	20.5
8. Outdoor	9.0
9. Transit	3.0

Source: *Hispanic Business*

Most of them agree that the rating services for tv and radio aren't structured for Hispanic penetration, so the results are questionable.

The alternative doesn't set anyone's heart to dancing either: Hispanic research companies are thought to provide listening and viewing numbers on the high side.

All the concern about getting better figures from the rating services has one Hispanic ad agency executive privately admitting, "If we got more reliable figures it might hurt us because rates would be raised and then we'd really be in a predicament."

There's more. A recent shakeup of New York-based Spanish International Network, which reaches an estimated 4.2 million Hispanic households and attracts some $55 million in annual advertising revenue, hasn't helped matters. The Federal Communications Commission ordered

(Continued on Page S-28)

Expanding radio market battles research static

By Lynn Berling-Manuel

The U.S. Hispanic market is made up of a score of nationalities, but a common denominator of this diverse segment is the language itself—although it too is subject to its own nuances.

And one of the most effective ways of reaching the population, Hispanic marketing experts say, is Spanish-language radio. It gives a flexibility of programing, a reach within the market and around-the-clock access to its listeners that neither Spanish-language print media nor tv can compete with, its proponents say.

The number of Spanish-language stations in the U.S. has grown from 67 in 1975 to 168 in 1985, says Manny Ballestero, vp-national sales manager of New York-based Caballero Spanish Media, which represents 70 Spanish-language radio stations in the U.S.

"Spanish radio is the only medium that parallels the growth of the Spanish-speaking population in the U.S.," Mr. Ballestero says.

But that very figure arouses the most ire among Hispanic radio executives and the most questions among media buyers. Media is a numbers game, and Spanish-language radio has a tough time coming up with hard numbers that the stations and the researchers are happy with.

"We have felt Arbitron cannot reflect the accurate Hispanic numbers," says Lori Miller, operations manager for WOJO-FM, Chicago. "We think there's a much larger population base not included; undocumented workers are not counted in the census, but they still spend lots of dollars."

According to WOJO's vp-general manager, Athena Sofios, "Very little research is conducted for the Hispanic market, and traditional diary reporting for radio has not been executed effectively with this market segment."

WOJO's solution has been to bypass Arbitron Ratings Co. and conduct independent telephone surveys. WOJO says its surveys concluded that it had the highest listenership of any Hispanic radio station in Chicago.

But a station's own research always is scrutinized by media buyers, and the vast majority of Hispanic stations still live by Arbitron.

Mr. Ballestero, whose company represents close to half the Hispanic stations in the nation, has more faith in Arbitron. "I want to be very clear that we feel Arbitron is doing a fair to good job, but that it can be improved," he says. "Our stations are growing, so it becomes more important to have accurate ratings."

Arbitron is aware of the controversy and has invested time and money to make the Hispanic ratings more accurate. But even if the numbers are less than stations would like, they portray a listening pattern very attractive to companies targeting the Hispanic market.

"If we used the same research techniques we do with Anglo stations, the response would be lower," says David Lapovsky, Arbitron vp-research. "But over the years, we have spent probably the largest segment of our research on the issue of minority measurement." And though Mr. Lapovsky says undocumented aliens are not included in estimates because the census figures are the basis, he says including undocumented figures would not alter the percentages significantly.

"We've heard that Hispanics won't respond to our research, but we don't think it's true," he says. The reason for his belief is the differential survey treatment that Arbitron uses to test both Hispanic and black radio listenership.

The basic survey technique is not too different from that used for Anglo households. It consists of a seven-day radio diary that each household member fills in, noting stations and programs listened to, as well as where the consumer was while listening. The differences come in the followup.

"First we identify the Hispanic surname household and then call asking them to participate," Mr. Lapovsky says. "If they say yes, they get a bilingual diary that's taken to the house instead of mailed. They get three calls during the week to remind them of their importance to the survey. They also get an upgraded premium for their response."

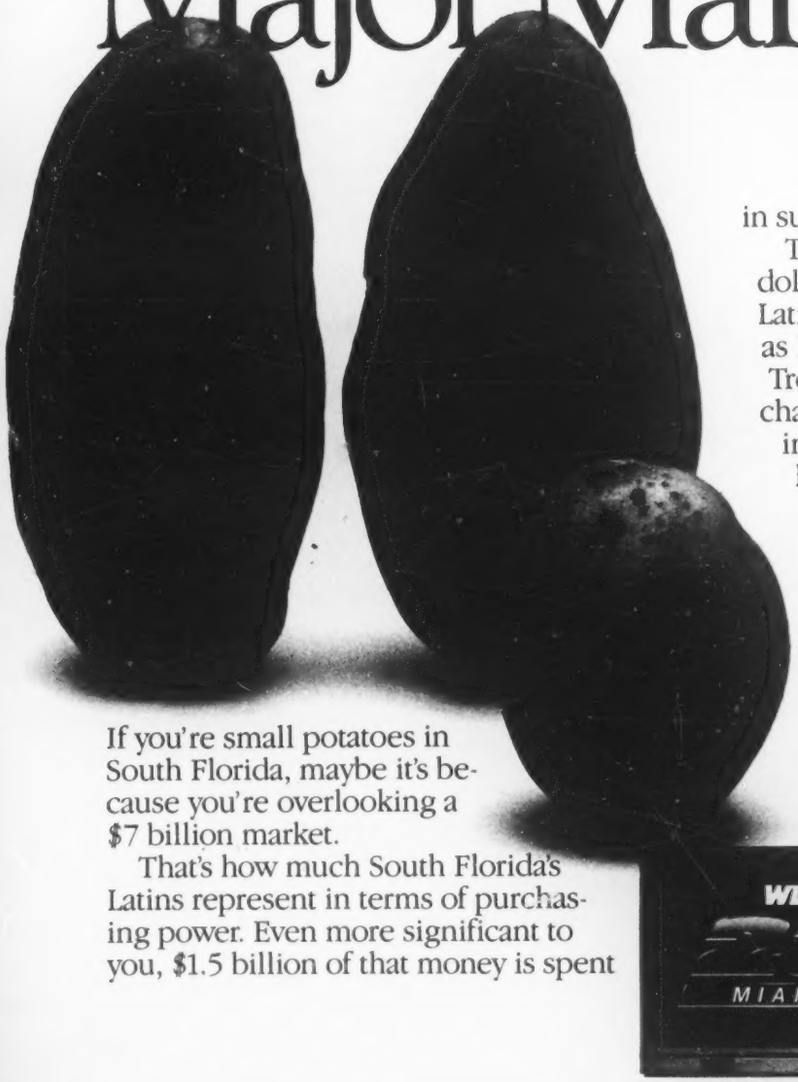
Anglo households in radio research usually get only one call and are asked to mail in the diaries at the end of the week. With the differential survey treatment, calls sometimes are placed at the end of each day to ensure the household has made diary entries accurately, and at the end of the period Arbitron picks up the diary.

"We've demonstrated repeatedly that we get roughly the same rate of return with these techniques," Mr. Lapovsky says.

(Continued on Page S-16)

Lynn Berling-Manuel covered the San Francisco Hispanic market in last year's Hispanic Marketing Special Report.

¿Are You Getting Mashed In A Major Market?



If you're small potatoes in South Florida, maybe it's because you're overlooking a $7 billion market.

That's how much South Florida's Latins represent in terms of purchasing power. Even more significant to you, $1.5 billion of that money is spent in supermarkets and grocery stores.

The fact is, over 50% of all food dollars spent in Miami is spent by Latins. Which is why such chains as Publix, Winn-Dixie, Sedanos, Tropical, Food Value and Xtra channel over $2 million a year into advertising on Spanish-language Channel 23. That amounts to over 40% of their entire TV expenditure in South Florida.

They know we can help make the cash register ring like no other station in the area. Call your SIN representative or our Vice President of Sales, Blaine Decker, at 305/856-2323 and find out more about us.

Isn't it time you started cutting the competition down to size?

An affiliate of the SIN Network.

CHANNEL 23. ¡BECAUSE SOUTH FLORIDA SPENDS A LOT OF DINERO!

Battling research static

(Continued from Page S-12)

"It's true we're not including anybody not included in the census figures, but in the absence of better numbers, what figures should we use?"

Regardless of what individual ratings may say about stations, both Arbitron and the companies with long associations with Spanish-language radio are convinced the listening patterns are very attractive. In 1985, Arbitron published the report "Radio Today: The Hispanic Listener," which portrays a market segment that can be reached effectively through Spanish-language radio.

Arbitron's sample consists of 3,408 diaries randomly selected from Hispanic participants in eight of the 30 metropolitan markets where Arbitron uses the differential survey techniques. According to the report, radio reaches 98% of Hispanic persons 12 and older each week. The Hispanic listener spends an average of 30 hours a week with the radio.

Listening patterns by dayparts give access to varying age groups, with younger audiences tuning in to overnight radio, while daytime and evening listeners tend to be older.

Whether the official numbers are as exact as they might be is less important to media buyers than what kind of impact brand-aware Hispanic consumers have on the bottom line.

"Companies like Anheuser-Busch, Sears and McDonald's have long associations with Hispanic radio and by combining promotions with radio, they've come to the conclusion that radio is something they want to stay with," Mr. Ballestero says.

"In a local market, retail stores don't look so much at the numbers, they just want to know that their commercial on that station will bring customers to the door," says Manuel A. Escalante, marketing director for Harlingen, Tex.-based Tichenor Spanish Radio Group, which has just expanded to eight stations with the acquisition of WADO (am), New York. The reported purchase price of $20 million would make it the most ever paid for a "stand alone" (non-network) station, Mr. Escalante says.

According to Mr. Escalante, the WADO purchase is another indication of the market's expected growth. He says his group also is interested in acquiring stations in Miami, San Francisco and Los Angeles.

The market's growth gives it lots of potential, but it also adds to advertisers' headaches. "You have to understand that Spanish is a language, not a format," says Penny Yamron, director of Los Angeles-based Radio Espanol, a Spanish-language programing service.

Stations' programing uses Spanish as the common denominator, but also must appeal to a variety of nationalities. "I personally feel music is the message in this case," Ms. Yamron says. "But we've had good success with sports events, and we know there's high listenership for news programs."

Hispanic radio is flexible, Caballero's Mr. Ballestero says. "Being able to use Mexican-style music in Los Angeles or Chicago as the background music for a commercial, then being able to change it to Cuban music for Miami, and then again to Puerto Rican for New York, is what makes radio so useful."

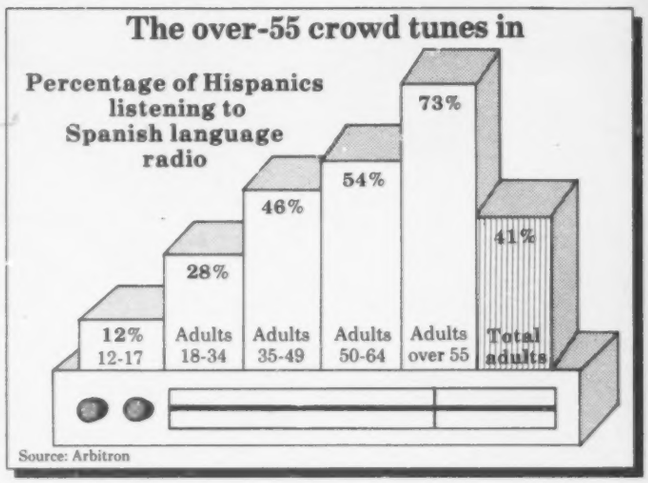
Accents also vary widely, although radio executives do seem to agree that there is a "generic" Spanish that can be used in any market. "We have accents in Spanish by area, but we don't really have dialects," says Alicia Martinez-Fontes, president of Miami's Adworks Inc., which handles marketing for WAQI-AM, Miami's most popular Hispanic station.

But marketers must exercise care as they look at specific markets because a market's composition often changes as it enlarges. Ten years ago, San Francisco's large Hispanic population was almost exclusively Mexican, but now has become more heavily Central American with the influx of political refugees.

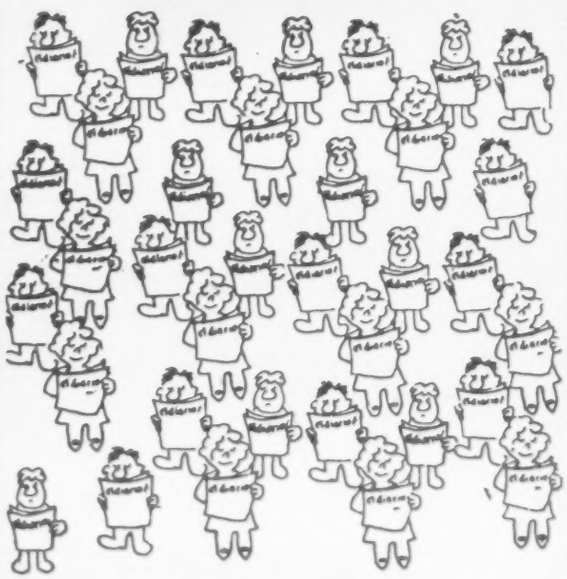
"As the Hispanic market grows," Tichenor's Mr. Escalante says, "a good part of that will be a more educated, professional group because I think we'll see increasing numbers of political refugees from Latin America."

Another challenge for companies looking at the Hispanic market is that Spanish-language radio is clearly more listened to by an older audience. "What we think," one media buyer says, "is that the younger audience starts listening to popular music and that tends to be on Anglo and even black-oriented radio stations."

"As younger people assimilate more into the U.S., I think you'll see some additional English used in Spanish-language stations," says WOJO's Ms. Miller. "But I know that for us, we're still looking years away."



You May Not Read Spanish...



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GANNETT

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710 on the AM dial. WAQI Radio Mambi is the most powerful radio station in Florida. With it you can reach an ever-growing audience of Spanish-speaking consumers.

WAQI, Radio Mambi is a 50,000-watt selling tool that broadcasts 24-hours-a-day, carrying your message much further than the Miami ADI, with a bonus coverage of Tampa, Orlando, Sarasota, Palm Beach and the Caribbean Basin.

So stop waltzing around the Hispanic market by learning how to Mambi.

The first step is really easy. All you have to do is call Charlie Fernandez, Executive Vice President or Sira Galan, our General Sales Manager at 305-445-4020, or fill out this coupon, and we'll send you our media kit.

PRONTO! TEACH ME TO MAMBI.

I'm ready to step up sales!

Name _____

Company _____

Address _____

City/State/Zip _____

Phone ( ) _____

WAQI-Radio Mambi

2960 Coral Way, Miami, FL 33145 • (305) 445-4020

Tv signal expected to boost Houston market

By Jennifer Lawrence

The nation's seventh largest Hispanic market finally may round out its media players with the addition of a local Spanish-language tv station.

Houston has never had a full-power local all-Hispanic tv channel despite being home to some 700,000 Hispanics. But Pueblo Broadcasting Corp., a team of local Hispanic investors led by J. Adan Trevino, intends to expand its low-power operation and become the city's first all-Spanish tv station as early as next spring.

Pueblo Broadcasting's uhf KXLN-TV is being hailed with a mixture of jubilation, relief and skepticism.

The station will fill a void for advertisers that rely on a strong Hispanic radio market to reach Houston's Hispanic community. Weekly Hispanic newspapers offer an advertising alternative, but many marketers favor radio to reach a larger audience.

Jennifer Lawrence is Advertising Age's *Houston correspondent.*

Local advertising executives say KXLN-TV will prompt national advertisers to take notice of the local Hispanic market.

Since 1979, the number of Hispanic radio stations in Houston has jumped from one to seven.

They say Houston has lost some national Hispanic advertising to other cities including San Antonio, which has well-developed Spanish-language tv.

The absence of a local Hispanic tv station combined with a growing Hispanic market close to Mexico helped establish local Hispanic radio. Even though cable companies carry SIN Television Network programing and some locally produced Hispanic programing is carried on network affiliates, local advertisers have pumped dollars into radio to reach the Hispanic market.

Since 1979, the number of Hispanic radio stations in Houston has jumped from one to seven, with formats ranging from ranchero to modern Latin beat and Chicano. Total Hispanic radio ad revenues climbed from an estimated $1 million in 1979 to $8 million in 1986. That figure could double to $16 million by 1991, says Ricardo Castillo, exec vp-general manager at KLAT (am), Houston's top billing Hispanic station, owned by Tichenor Spanish Radio, Harlingen, Tex.

The radio stations say they look forward to KXLN-TV's full-power debut, if only to draw attention to the sizable and rapidly growing Hispanic population that could make this the country's third-largest Hispanic market by 1990, according to The Hispanic Almanac, published by the Hispanic Policy Development Project Inc., Washington.

"There is room for all seven radio stations to grow," says Mr. Castillo. "I don't think advertisers will divert ad dollars to tv. I think they will increase their budgets to accommodate tv."

Some industry observers, however, are taking a wait-and-see approach on KXLN. Concern has been voiced over Pueblo's prospects of raising the necessary $3 million to construct the full-power station.

One thing is agreed: Houston has waited long enough for a full-power Hispanic tv station.

When Pueblo applied in 1978 to the Federal Communications Commission for the license to operate KXLN-TV, the eight local Hispanic business and community leaders who formed the company faced competition from two other applicants. Trinity Broadcasting, Tustin, Cal., dropped out, leaving Pueblo and Texas 45, a company formed by Howard Shapiro, president of Weigel Broadcasting, Chicago.

A bitter and costly battle between the two applicants ended last October, when the FCC ruled in favor of Pueblo, partly because the company was new to broadcasting and owned by local Hispanics.

The nearly eight-year struggle between Pueblo and Mr. Shapiro's Texas 45 reflects Houston's Hispanic market potential. Even now, as the oil-dependent city experiences a severe economic crunch, Mr. Shapiro says he still would consider entering the Houston market.

With the FCC appeals process completed and a construction permit in hand, Mr. Trevino, Pueblo president, says the station's financing should be completed by Sept. 1, and the station should sign on with full power in the spring.

Alfonso C. Pena, currently an account exec with Los Angeles-based KMEX-TV, will become KXLN-TV general manager, contingent on Pueblo financing.

Mr. Pena says he expects that after the station goes full power, first-year revenues will be about $3.6 million. It is expected that when the station goes to full-power, it will retain its SIN affiliation.

Until construction is com-

Houston doesn't make the media grade

Hispanic media expenditures (000,000)

	Tv	Radio	Print	Total
1. Los Angeles	$30.0	$22.0	$7.2	**$59.2**
2. Miami	24.5	18.0	13.2	**55.7**
3. New York	21.5	20.0	10.0	**51.5**
4. San Antonio	7.5	7.5	—	**15.0**
5. San Francisco/ San Jose	8.0	6.0	—	**14.0**
6. Chicago	5.5	6.0	—	**11.5**
7. San Diego	5.0	3.0	—	**8.0**
8. El Paso	1.8	5.0	—	**6.8**
9. Phoenix	3.5	2.2	—	**5.7**
10. Fresno	3.0	1.5	—	**4.5**

Source: *Hispanic Business*

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pleted, Pueblo will continue to operate K45AK, a low-power station in nearby Rosenberg that retransmits SIN programing to some 100,000 southwest Houston households. The low-power station began airing local advertising June 30.

Among the station's first advertisers is Fiesta Mart, a local supermarket chain that has grown to a 9% share of the total retail grocery market by catering to Hispanics.

If Fiesta's 30-second spots on the low-power signal generate response, the supermarket chain could make a major shift in its ad budget within six months, according to Paul Stevens, Fiesta marketing director.

Most of Fiesta's Hispanic advertising budget is placed in radio.

Allan Zadik, vp at Houston's Esmar Advertising, which specializes in Hispanic marketing, predicts, "Hispanic tv here will mean greater penetration and more flexibility to advertisers. Marketers will pay attention to the Hispanic market.

"This will hurt the radio stations short term but help medium term because advertisers will see the market's potential," he says.

For Jack Shirley, president of Houston-based Spanish Television Syndicators, the advent of a full-power KXLN is a mixed blessing. He oversees Television Hispana de Houston, carried on Storer Cable's local origination channel since last fall.

The 10 to 12 hours a day of all-Spanish programing have attracted both local and national advertisers.

But Television Hispana's national ad revenue may be cut by KXLN once it is full power, Mr. Shirley says.

Nevertheless, he says, "People here are dying to have Channel 45.

"Other people will realize in a couple of years that there is no stopping in sight as far as growth here in the Hispanic community.

"This is a gold mine for tv, because when the figures are out on the number of Hispanics, every agency will be champing at the bit to provide advertising," Mr. Shirley says. "But it is a gold mine as long as Pueblo can build a station that is economical."

Publisher seeks to improve 'Image'

By Gary Levin

John Asencio envisions Chicago's *Hispanic Image* becoming the *Ebony* of magazines aimed at the growing Hispanic market.

That may seem a lofty goal. After all, *Ebony* is a nationally circulated magazine, selling an average 1.75 million copies monthly. *Hispanic Image* is a fledgling local magazine with only 3,000 subscribers and is trying to crack a resistant base of upscale advertisers.

John Asencio, publisher of *Hispanic Image*, wants the magazine to symbolize the achievements of the Chicago area's Hispanics.

Mr. Asencio, who also runs an ad agency and art studio, sees the magazine as "a symbol of growth, a symbol of achievement," for the Chicago area's estimated 1 million Hispanics.

But he's not after all of them. In a carefully mapped strategy, *Hispanic Image* will leave the majority of its potential readers to Spanish-language newspapers and broadcast media, aiming instead for the 30% of Chicago Hispanics who earn more than $25,000 and prefer English to Spanish.

"In a sense the magazine has developed a new standard in the Hispanic market," Mr. Asencio says. "Many people have the impression of Hispanics as dragging a burro around and hiding from the immigration people," says the 40-year-old, Cuban-born publisher. "This magazine is supposed to show the segment of the Hispanic population that is very successful at what they do."

Hispanic Image, started by an investor group with $25,000 to $30,000, targets a "new" professional Hispanic audience more sophisticated than that reached by vehicles such as *Vista*, a Spanish-language newspaper supplement, and several tv and radio outlets.

Mr. Asencio says he attempted the magazine launch this year because "demographically, the Chicago market has finally matured." He estimates that 25% to 30% of Chicago Hispanic households earn annual incomes of $25,000 or more. (Figures reported in the 1980 census, the most recent available, show the six-county Chicago area's Hispanic population has an annual median income of $16,551, 28% less than the city's general population. In 1984, the nation's 16.9 million Hispanics earned median household incomes of $18,833.)

The glossy every-other-monthly, which goes monthly in October, has a visual focus, with large photo spreads, unusual typography and a heavy paper stock. *Hispanic Image* focuses on the arts, education and culture, seeking to enlighten the Hispanic population about achievers in their own community: Recent issues profiled Chicago Board of Education president George Munoz and general manager Richard Lobo of NBC-owned WMAQ-TV.

Mr. Asencio says the magazine takes a more artful, less literary approach than *Miami Mensual*, its closest competitor in tone *(see story on Page S-26)*. Like the latter publication, *Hispanic Image* publishes some articles in Spanish and others in English, seeking to reach its core audience of successful bilingual Hispanics as well as non-Hispanic potential advertisers that can be "helpful to the community."

Articles with wide appeal to audiences—such as profiles of local political or business figures—are generally printed in English, while stories of more parochial interest are published in Spanish. Mr. Asencio says the mix enables him to show non-Hispanic advertisers the quality of the magazine's editorial content and to reach his target audience of Hispanics who prefer speaking English.

Advertisers say they support the new venture, which debuted in February, as a way to increase the stature of Chicago's Hispanic community. But so far, fully paid ad pages have yet to show major evidence of that support, particularly among

(Continued on Page S-26)

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(Continued from Page S-1)
seven of SIN's affiliate stations to be divested by its parent company, Spanish International Communications Corp., which the FCC ruled had violated the 20% alien ownership limit set by federal regulations.

Insiders say SIN is one of the few accomplishments the industry could point to with pride. At the very least, the FCC controversy is expected to leave a smudge on the image of the Spanish market. (Last month, it was announced that a Chicago-based venture capital group and Hallmark Cards agreed to purchase, for $301.5 million, 10 SICC-owned tv stations, five of them low-power outlets. Included are SIN powerhouses KMEX, Los Angeles, and WXTV, Paterson, N.J., in the New York metropolitan area.)

Much of the Hispanic print medium is being shunned by advertisers as a market not worth addressing because, they say, there isn't a single national Hispanic publication that can reach masses of people.

"An advertiser can probably reach more Hispanics by putting one ad in the *New York Daily News* than by placing ads in all five New York Spanish papers," says marketing consultant Jacqueline Da Costa, former media director at Ted Bates Advertising/New York, who recently formed JDC Communications in New York.

Ms. Da Costa says her largely negative appraisal falls in the minority opinion. Others hold that, while there are stumbling blocks, things are improving steadily.

Ms. Da Costa isn't convinced. "We have no more or better research. If anything, we're in a state of chaos because of the SIN divestiture. Spanish radio has made no great leaps, either. Print's at a plateau. All in all, it's been rather disappointing.

"On the other hand, we have come a long way. No one would have thought Hispanics would have a tv network in place."

For all the negatives, advertisers are latching onto the Hispanic market because it's a force to be reckoned with, especially in the large Hispanic enclaves of Houston, Miami, Los Angeles and Chicago.

Advertisers are using whatever avenues are open as they try to expand their share outside the general mass market. Many marketers have reached a plateau in the general market, and this is one area they can expand into to increase their share, says James Alexander, media director of the Bravo Group at Young & Rubicam, New York.

"We have to jump obstacles everyday to make it work," says Carlos Barba, president at WNJU-TV in New York, a leading Hispanic station, and of NetSpan, a tv programing and sales network. "But the media are growing more sophisticated in all areas—sales, promotion, research and programing."

Mr. Barba is not the only one pinning great hopes on the future. "The market is growing, growing, growing, what with the constant immigration of legal and illegal Hispanics," Mr. Alexander says. "We have enough first-generation Hispanics coming into the country to keep us growing for the next 10 years."

A 1985 Naisbitt Group Trend Report titled "Hispanics in America: The 'Sleeping Giant' Awakens" concludes there is no consensus on the 1980 U.S. Census Bureau figures, which place the U.S. Hispanic population at 14.6 million, or other studies, which estimate the numbers of Hispanics at upwards of 18 million. But the Naisbitt Group does predict the numbers will continue to stagger the imagination.

The Washington-based research group says if current high birth rates prevail and immigration patterns remain the same, Hispanics will continue to be the major cause of any national growth spurts.

It's clear the influx of Hispanics is being noticed and acted upon by advertisers. *Hispanic Business* reported advertisers in 1981 spent $166 million in Hispanic media, and by 1984 that had jumped to $228 million.

Today, it's estimated that at least $300 million a year is spent in the Hispanic media, says Ms. Da Costa, who adds this caveat: "Remember, that figure is relative. Approximately $100 per 1,000 of population is spent in the general market while it's more like $11 per 1,000 in the Hispanic market."

That seemingly small nugget in the bucket is a sore spot for those within the industry who complain that the big-name rating services aren't helping to paint a true picture of Spanish-language tv viewing.

Mr. Barba of WNJU-TV says he stopped using Arbitron Ratings Co. last year after four years of requests that the service "accurately measure" the Hispanic population brought no results.

"In New York, for example," he says, "Arbitron has discriminated against the Spanish community by placing only 39 of its 500 tv meters in the home of Hispanics. The meters they placed are in homes along Park and Fifth avenues, where the upscale viewers spend a lot of their time watching American tv. We recommend they put at least 100 meters in the New York area, including sections like the Bronx and Brooklyn, where Hispanics live."

The rating services counter by saying they need more Hispanic media subscribers before they can invest in more intricate research. Mr. Barba and several Hispanic ad agencies are using numbers provided by Strategy Research, a Miami-based company that has been estimating Spanish-language tv viewing since 1977.

Strategy Research is as good as anybody, says Jesse Wilson, exec vp for San Jose & Associates, an ad agency in Chicago, who says his clients, including Coca-Cola Co. and Sara Lee Corp., don't have a problem with the numbers provided.

"Any major agency can buy Hispanic tv with no problem," Strategy Research president Dick Tobin says, adding that the company has virtually all the subscribers in the Hispanic market.

SIN vp-director of sales John Pero bristles at some advertisers' suggestions that Strategy Research may not always provide good numbers. "In some instances, I'd say their numbers are low," he says.

"It's just a big fallacy that there's not enough research out there to support the Hispanic buy," Mr. Pero says. "It's a growing market and it continues to grow. Advertisers could do a little audience research themselves in the Spanish market."

Eduardo Caballero of Caballero Spanish Media, a New York company that represents 82 Hispanic radio stations, says most people in the radio industry agree the major rating services are not measuring the markets as well as they could be.

Mr. Caballero and a pool of Hispanic ad agencies and major advertisers formed the Spanish Radio Advertising Council to see if they could do something about that.

"We went into this project, which is costing hundreds of thousands of dollars, so that advertisers can be in on the ground floor of telling us what they want as far as research goes. We don't want to provide ratings that advertisers question," Mr. Caballero says.

Last month, the council selected Information & Analysis, Hicksville, N.Y., as the research company to handle the project. Other candidates were Arbitron and Strategy Research. Plans call for a pilot project in Chicago this fall. Chicago was chosen, Mr. Caballero says, because of its cross section of Hispanics.

Ms. Da Costa would take the radio council idea one step farther and form a consortium of tv and radio stations to pay for research that "no one can individually afford," she says. "We need all media forms, and not just tv. We need to get together."

Until solid research is in hand and the status of SIN's stations is ironed out, she fears the market will remain in limbo.

Others are more hopeful. "We're growing and continue to grow," says Mr. Pero of SIN, "but it will take some time before we gain total advertiser acceptance.

"There are still many advertisers leery of using the Hispanic media. I don't know if they're reluctant to take a chance or if they feel the audience research isn't adequate, but, either way, we still continue to get new advertisers every year, and advertisers are spending more money in the Hispanic market every year."

Mr. Wilson of San Jose & Associates may sum it up best. "I guess the answer for all of us is to use the best thing we have going at the moment, and that's what we're doing," he says. "This is a young and growing industry with many exciting times ahead."

Executive editor Robert Goldsborough coordinated this report on Marketing to Hispanics.

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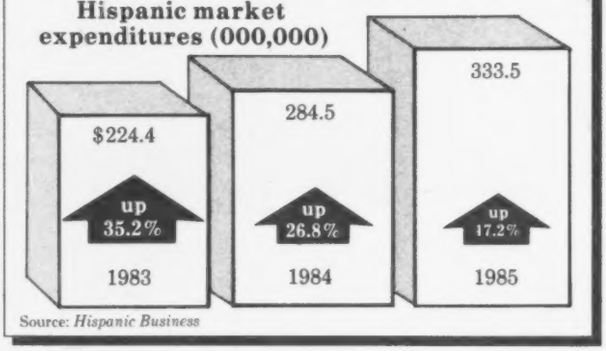

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